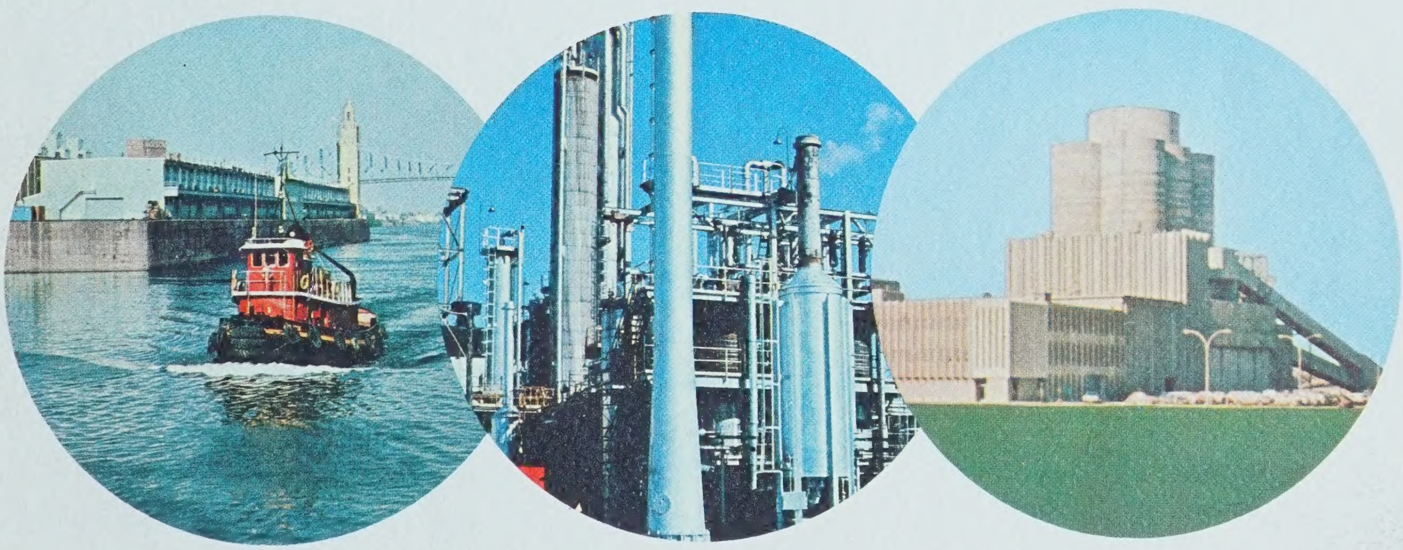
# Genstar



# ANNUAL REPORT 1968

GENSTAR LIMITED
*(formerly SOGEMINES LIMITED)*

**COVER PICTURES**

A McAllister Towing tug at work in the Montreal Harbour.

Brockville Chemical's installation at Maitland, Ontario.

Inland Cement's plant at Winnipeg, Manitoba.

**ANNUAL MEETING**

The Annual General Meeting of Shareholders of GENSTAR LIMITED will be held on Monday, April 28, 1969 at 11 A.M., Eastern Daylight Time, in the Auditorium on floor Mezzanine 2 of The Royal Bank of Canada Building, One Place Ville Marie, Montreal, Canada.

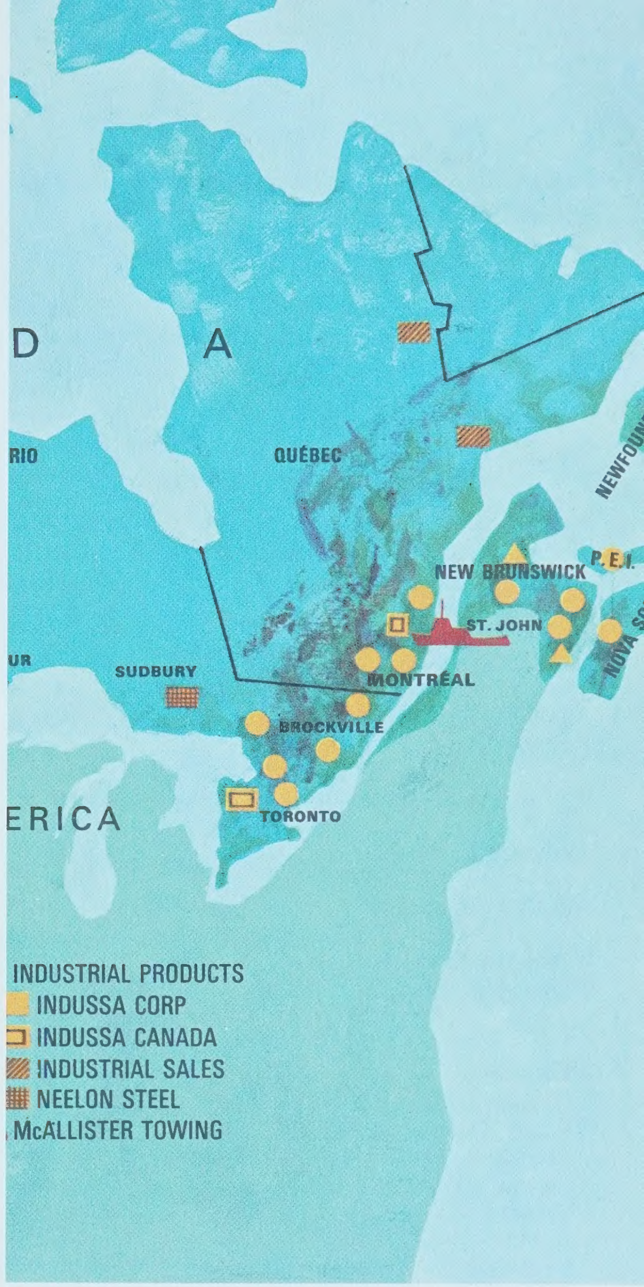
Les actionnaires qui désirent recevoir ce rapport en français sont priés d'en faire la demande au Secrétaire de la Société.

# Genstar

*Over the past few years the Company has expanded its operations and has entered into new areas of activity. The name "Sogemines" did not convey this diversity of interests and, for this reason, a thorough search was made for a more appropriate company name.*

*Genstar was derived from a combination of "General" and "Star".*

*Through this name, the Company wishes to convey the concept that it is a broadly-based organization which participates in a variety of industries of a general nature. As a star is a unit with many points, the use of the word in the name symbolizes the coordination of the Company's activities into a single entity.*




| | 1968 | 1967 (restated) |
|---|---|---|
| ........... | **$204,642,000** | $98,340,000 |
| ........... | **15,981,000** | 10,519,000 |
| ........... | **8,096,000** | 5,673,000 |
| ........... | **4,426,000** | 2,595,000 |
| ........... | **56,000** | 1,022,000 |
| ........... | **4,482,000** | 3,617,000 |
| ........... | **$ .77** | $ .47 |
| ........... | **.78** | .65 |
| ........... | **2.43** | 1.90 |
| ........... | **.65** | .65 |
| ........... | **5,722,254** | 5,522,431 |

## COVER PICTURES

A McAllister Towing tug at work in the Montreal Harbour.

Brockville Chemical's installation at Maitland, Ontario.

Inland Cement's plant at Winnipeg, Manitoba.


## Highlights

| | 1968 | 1967 (restated) |
|---|---|---|
| **Income** | | |
| Sales and Investment Income | **$204,642,000** | $98,340,000 |
| Funds from Operations | **15,981,000** | 10,519,000 |
| Depreciation, Depletion and Amortization | **8,096,000** | 5,673,000 |
| Income before Extraordinary Items Available for Common Shares | **4,426,000** | 2,595,000 |
| Gain on Sale of Assets and Investments | **56,000** | 1,022,000 |
| Net Income Available for Common Shares | **4,482,000** | 3,617,000 |
| **Dollars per Common Share** | | |
| Income before Extraordinary Items | **$ .77** | $ .47 |
| Net Income | **.78** | .65 |
| Funds from Operations | **2.43** | 1.90 |
| Cash Dividends | **.65** | .65 |
| **Average Number of Common Shares Outstanding** | **5,722,254** | 5,522,431 |

## Directors

| | | |
|---|---|---|
| *Charles de Bar | *Executive Vice-President of the Company* | Brussels, Belgium |
| Henry Blaise | *Director of Companies* | Brussels, Belgium |
| F. Campbell Cope, Q.C. | *Partner, Ogilvy, Cope, Porteous, Hansard, Marler, Montgomery & Renault* | Montreal, Canada |
| W. Leslie Forster, C.B.E. | *Consultant* | Montreal, Canada |
| *August A. Franck | *President of the Company* | Montreal, Canada |
| **Serge Lambert | *Vice-Governor, Société Générale de Belgique* | Brussels, Belgium |
| James P. McAllister | *President, McAllister Bros. Inc.* | New York, U.S.A. |
| *W. Earle McLaughlin | *Chairman and President, The Royal Bank of Canada* | Montreal, Canada |
| Max Nokin | *Governor, Société Générale de Belgique* | Brussels, Belgium |
| Charles C. Notebaert | *President, African Metals Corporation* | New York, U.S.A. |
| Hon. Jean Raymond, Q.C. | *President, Alphonse Raymond Limitée* | Montreal, Canada |
| Saul Simkin | *President and Chairman, BACM Industries Limited* | Winnipeg, Canada |
| André de Spirlet | *Chairman, Compagnie Maritime Belge* | Brussels, Belgium |
| **Edgar Van der Straeten | *Honorary Vice-Governor, Société Générale de Belgique* | Brussels, Belgium |
| *C. A. Vandendries | *Chairman of the Board, Brockville Chemical Division of the Company* | Montreal, Canada |
| *Edward C. Wood | *Chairman of the Company, Director, The Royal Bank of Canada* | Montreal, Canada |
| William S. Ziegler | *Chairman of the Board, Inland Cement Division of the Company* | Edmonton, Canada |

*Member of the Executive Committee
**Resigned February 25, 1969

## Officers

| | |
|---|---|
| Edward C. Wood | *Chairman of the Board* |
| **Edgar Van der Straeten | *Vice-Chairman of the Board* |
| August A. Franck | *President* |
| Charles de Bar | *Executive Vice-President* |
| Bernard T. Johnson | *Vice-President* |
| Angus A. MacNaughton | *Vice-President* |
| Lawrence R. Sinclair | *Comptroller and Treasurer* |
| William W. Tinmouth | *Secretary* |
| John J. Berton | *Assistant Comptroller* |
| Adrian M. S. White | *Assistant Treasurer* |

## General Counsel
Ogilvy, Cope, Porteous, Hansard, Marler, Montgomery & Renault, Montreal, Canada

## Auditors
McDonald, Currie & Co., Montreal, Canada

## Transfer Agent & Registrar
Montreal Trust Company
Montreal, Toronto, Edmonton, Saint John, N.B., and Vancouver, Canada

## Stock Exchanges
Montreal, Toronto, Calgary, Vancouver, Canada and Antwerp and Brussels, Belgium

## Corporate Office
Suite 4105, One Place Ville Marie, Montreal 113, Canada

## Report to the Shareholders

The Board of Directors is pleased to submit the Annual Report of the Company and its subsidiaries, together with audited Consolidated Financial Statements for the year ended December 31, 1968.

The 1968 operations of the Company and its subsidiaries resulted in growth in both sales and income and significant acquisitions.

### Financial Results

Financial results are shown after full provision for deferred income taxes which in previous years were shown in notes to financial statements.

Net sales and investment income in 1968 increased to $204,642,000 from $98,340,000 in 1967. Income before extraordinary items available for common shares was $4,426,000 for 1968 compared with a restated $2,595,000 for 1967. This amounted to 77 cents per share based on the average number of shares outstanding compared with a restated 47 cents per share for 1967. In addition, a gain of one cent per share on the sale of investments was realized in 1968 resulting in net income amounting to 78 cents per share and an extraordinary gain on the sale of assets of 18 cents per share was realized in 1967 providing restated net income of 65 cents per share for that year. Further details of the operations of the Company are shown in the "Financial Review" which provides an analysis of the Company's income by area of activity.

### Acquisitions

During 1968, the Company acquired McAllister Towing Ltd., a majority interest in BACM Industries Limited and all the outstanding shares of Metro Concrete Ltd.

McAllister Towing Ltd., including its wholly-owned subsidiary, Island Tug & Barge Limited, was acquired as a result of a common share exchange offer. Prior to the offer, the Company owned an 18.75 percent interest in McAllister Towing and now owns a 99.7 percent interest in that company. McAllister Towing, which is based in Montreal, operates a fleet of tugs and salvage vessels in the port of Montreal, the St. Lawrence River and the Great Lakes. Island Tug, which is based in Vancouver and Victoria, operates a fleet of tugs, barges and salvage vessels on the Pacific Coast.

In July, a 54.4 percent interest (890,000 shares) in BACM Industries Limited of Winnipeg, was purchased for a consideration which included the payment of $6,300,000 cash, the issuance of 450,000 common shares of the Company and $2,875,000 non-interest bearing five-year notes of the Company, of which $1,275,000 may be converted into common shares of the Company. The Company has an agreement to acquire an additional 18.4 percent of the outstanding shares of BACM Industries. BACM Industries with plants and offices throughout Western Canada, is a diversified and integrated enterprise. Its operations include residential building and land development, the manufacture and distribution of pre-cast and pre-stressed structural and architectural concrete products, ready-mix concrete and gypsum wallboard, the production of sand, gravel, classified aggregates, gypsum and other materials, and heavy construction.

In July, the Company acquired J. Kearns Transport Ltd. of Regina, a trucking company operating in Saskatchewan and Alberta, and in November it acquired Metro Concrete Ltd., a concrete ready-mix operation in the Greater Vancouver area of British Columbia. The acquisition of Metro Concrete marks the entry of the Company into the concrete ready-mix business of lower mainland British Columbia.

In March 1969, the Company acquired all the outstanding shares of Redi-Mix Limited, a supplier

Consolidated Block & Pipe Ltd Regina

of ready-mix concrete, concrete block and construction aggregates in Saskatchewan. Concurrently with the acquisition of Redi-Mix Limited, the Company sold its trucking operations, Adby Transport Limited and its subsidiary, J. Kearns Transport Ltd., to the controlling shareholders of Redi-Mix Limited.

In February 1969, the Company's majority-owned subsidiary, BACM Industries Limited, arranged to acquire the outstanding shares of Con-Force Products Ltd. Calgary and certain associated companies. The Con-Force companies are engaged principally in the manufacture of pre-cast and pre-stressed structural and architectural concrete products, and also manufacture concrete block and pipe, at plants in Alberta and Saskatchewan. The closing of this acquisition is expected to occur on or before April 15, 1969. $4.6-m


**Communication and Organization**

The Company has grown rapidly in the past few years through internal development and by a continuing program of acquisitions. As growth continues, there must be clear communication of ideas and proper co-ordination of actions between those responsible for each division and subsidiary and the Corporate Office. Accordingly, in 1968, the corporate lines of communication were modified to accommodate the expanded operations of the Company and to provide ease of access to the Corporate executive officers. The present arrangements permit mobility and flexibility in handling problems, beyond those of marketing and production, particularly in the identification of new opportunities and innovations within and between individual industrial categories.

*The tug Sudbury II, operated by Island Tug & Barge, pulls the company-owned Island Exporter in marine operations on the West Coast. Island Tug & Barge operates from bases in Vancouver and Victoria.*

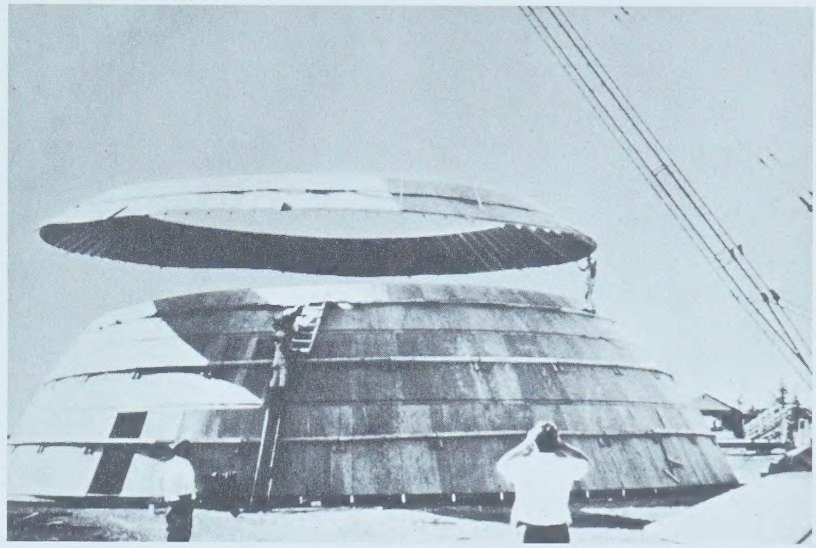
In addition, the Corporate Office continued to form and implement new policies, to control and co-ordinate the Company's financial resources and to develop new activities.

**Increase in Capitalization**

The Shareholders, at a Special General Meeting of Shareholders held on February 25, 1969, approved changes in the capital structure of the Company by authorizing the creation of an additional 7,000,000 common shares without nominal or par value and the creation of 2,000,000 preferred shares of the par value of $50 each issuable in series. As a consequence, the authorized capital of the Company now consists of 15,000,000 common shares, and 2,000,000 preferred shares.

The Company has filed a Registration Statement with the United States Securities and Exchange Commission covering a proposed sale of 800,000 common shares to residents of the United States. Thereafter the Company will apply for listing of its common shares on the New York Stock Exchange, provided that the distribution of the common shares satisfies the requirements of that Exchange.

Preferred shares are generally useful for various corporate purposes, including acquisitions. Although these preferred shares were created at this time, there




*BACM Industries built these modern homes at Hudson's Hope, British Columbia. The company's housing division utilizes all the latest construction techniques to provide dwellings for communities in Canada and the United Kingdom.*

*An economical dome building manufactured by BACM. Units, which can be assembled and erected in six days, are used for a wide variety of applications such as community halls, repair shops and farm and industrial buildings.*

*Metro Concrete's ready-mix plant at Richmond, British Columbia. The company, which was acquired in November, has portable operations in several other areas of the province.*

are no present plans to issue any of these securities, nor have any terms or conditions attaching to them been established. These terms will only be determined if and when each series is issued.

### Dividend

In December 1968 the Company paid a dividend of $0.65 per share, the same as that paid with respect to 1967 earnings. This is the fourth consecutive year during which dividends were declared.

### Directors

During 1968 Messrs. Saul Simkin and James P. McAllister were appointed to the Board of Directors of the Company. Mr. Simkin is President and Chairman of BACM Industries Limited and Mr. McAllister is President of McAllister Brothers Inc. of New York.

During the month of February 1969, Mr. Edgar Van der Straeten submitted his resignation as Vice-Chairman and Director, and Mr. Serge Lambert submitted his resignation as a Director of the Company. Both these resignations were accepted with regret by the Board at its meeting held on February 25, 1969. Mr. Van der Straeten has rendered invaluable service to the Company, providing assistance and direction in its formative years and later contributing insight in the overall development and expansion of the Company's activities. Mr. Lambert has brought great assistance to the Company, especially during the years when the glass facilities and the chemical installations were being developed. The guidance provided by Messrs. Van der Straeten and Lambert has been of great value in assisting the Company to attain its present level of development and growth.

### The Outlook

For Inland Cement and BACM Industries operating mainly in Western Canada, the cost and availability of money and favorable construction weather are important keys to business conditions for 1969. At this point, continued growth is indicated,

*An interior view of BACM's gypsum plant in Saskatoon, Sask.*

restricted by a levelling off in capital spending by all levels of government. Steady growth in demand is anticipated in 1969 for Brockville Chemical, with the expectation that product prices will begin to reflect some of the rising costs experienced in recent years. The outlook for industrial product operations is for an overall improvement. In summary, the outlook for the Company in 1969 is favorable.

### Appreciation to Employees

The Directors again wish to express their appreciation to all employees for their enthusiastic spirit, co-operation and loyalty which have contributed greatly to the growth and progress of the Company during the year.

On behalf of the Board,
A. A. FRANCK,
President

March 27, 1969

## 1968 Financial Review

This year, for the first time, the financial review presents the operating results and return on allocated equity of the Company's various industrial categories together with comparative data for the three preceding years. The Company expects that the shareholders and other interested parties will find this information useful in order to measure the performance of each activity and its relative importance to the total operations.

All the financial information in this report reflects full provision for current and deferred income taxes. This change was made during the year in accordance with the latest recommended accounting practice and the previous years' figures have been restated to reflect this change. In the past, deferred taxes were shown in notes to the financial statements.

The acquisition of McAllister Towing Ltd., which was completed in 1968, has been accounted for as a "pooling of interests". Accordingly all the financial material presented in this report includes the accounts of McAllister Towing on a deferred tax basis.

During 1968, the total fixed assets have increased as a result of the acquisitions and normal capital expenditures. These increases amounted to $81,133,000 as follows:

| | |
|---|---|
| Acquisitions | |
| BACM Industries Limited | $52,419,000 |
| Other | 2,361,000 |
| Normal Capital Expenditures | 4,346,000 |
| | 59,126,000 |
| Pooling of interests | |
| McAllister Towing Ltd. | 22,007,000 |
| | $81,133,000 |

During June, the Company successfully offered $15 million 8% First Mortgage Sinking Fund Bonds, Series "D", due 1988 with warrants attached for the purchase of 300,000 common shares at $15 for a five-year term and $17 for a further five-year term. The funds derived from this offering were used to reduce short-term bank loans, thus providing a substantial increase in the Company's working capital.

*All dollar figures in this report are stated in Canadian dollars, except as otherwise indicated.*

## Results by Industrial Category

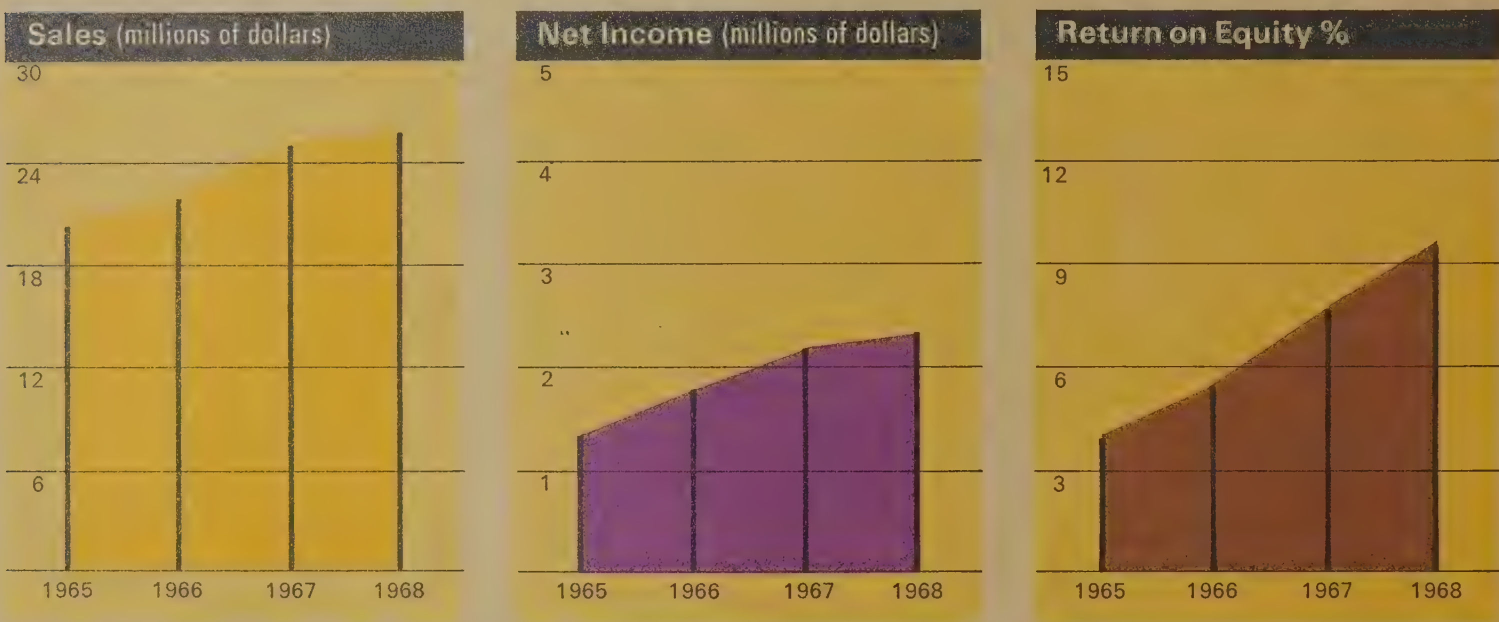
The following tables set forth income of divisions and subsidiaries before extraordinary items and elimination of intra-unit transactions, but after allocation of interest on debt, corporate administrative expenses and income taxes. Interest, corporate administrative expenses and shareholders' equity have been allocated on the basis of the net assets employed (working capital, investments and net fixed assets) in each category at the end of each fiscal year. Return on equity is computed on the year-end equity outstanding:

| | 1968 | | 1967 | |
|---|---|---|---|---|
| | Net Sales | Income Before Extraordinary Item | Net Sales | Income Before Extraordinary Item |
| **Summary** | (thousands of dollars) | | | |
| Cement | $ 25,612 | $2,353 | $24,608 | $2,191 |
| Chemicals and Fertilizers | 36,465 | 3 | 15,118 | (616) |
| Marine | 13,228 | 839 | 12,012 | 605 |
| BACM | 54,633 | 1,101(1) | | |
| Import-Export and Industrial Products | 76,259 | 91 | 45,632 | 127 |
| Investments | | 96 | | 325 |
| | 206,197 | 4,483 | 97,370 | 2,632 |
| Less: Intra-Unit Transactions | 3,002 | | | |
| | $203,195 | $4,483 | $97,370 | $2,632 |

(1) Net of Minority Interest of $1,193,000.

## Cement

| | 1965 | 1966 | 1967 | 1968 |
|---|---|---|---|---|
| | | (thousands of dollars) | | |
| Net Sales | $19,821 | $21,903 | $24,608 | $25,612 |
| Cost of Sales | 13,385 | 13,533 | 14,656 | 15,306 |
| Selling and Administrative Expenses | 1,525 | 2,042 | 2,178 | 2,635 |
| Interest on Long Term Debt | 621 | 579 | 522 | 691 |
| Depreciation | 2,027 | 2,263 | 2,565 | 2,238 |
| | 17,558 | 18,417 | 19,921 | 20,870 |
| Income Before Taxes | 2,263 | 3,486 | 4,687 | 4,742 |
| Income Taxes | 986 | 1,745 | 2,496 | 2,389 |
| Income Before Extraordinary Items | $ 1,277 | $ 1,741 | $ 2,191 | $ 2,353 |
| Equity | $33,197 | $32,281 | $28,858 | $25,049 |
| Return on Equity | 3.8% | 5.4% | 7.6% | 9.4% |




The 1968 overall construction activity in Inland's market area, in terms of constant dollar volume, maintained the active level reached in 1967. Satisfactory increases were recorded in the basic market demand for cement in Alberta and Manitoba but these increases were offset by a considerably reduced market in Saskatchewan which reflected concern in the agricultural sector of the economy. In addition there was some decline in the cement requirements due to completion of certain large projects. As a result, Inland's sales volume approximated the 1967 figures.

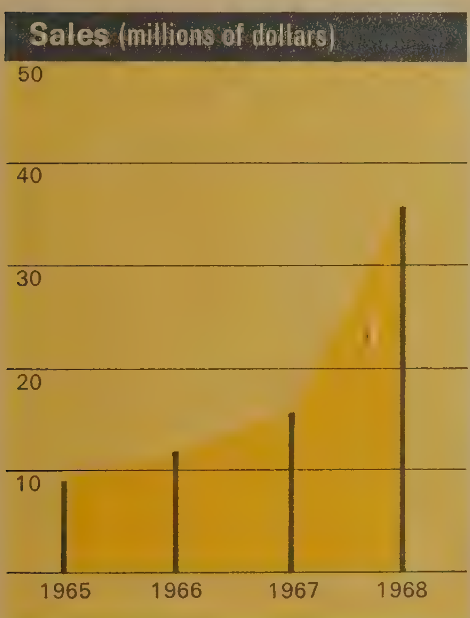
Operating costs continued to rise during the year. There were substantial increases in incoming and outgoing transportation costs.

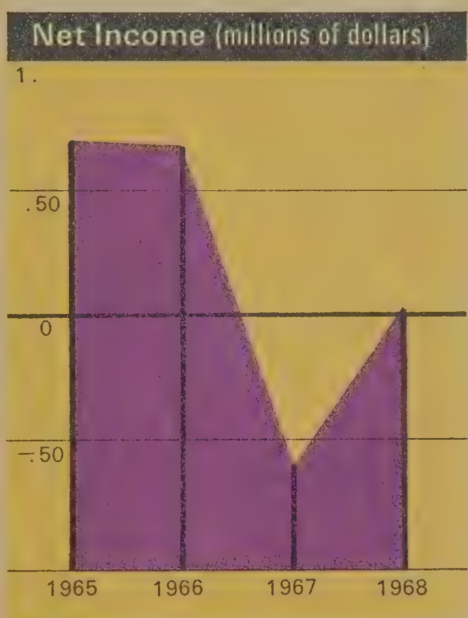
In addition, higher salaries and previously negotiated wage agreements came into effect during the year. To alleviate these higher costs, increases in product prices were necessary.

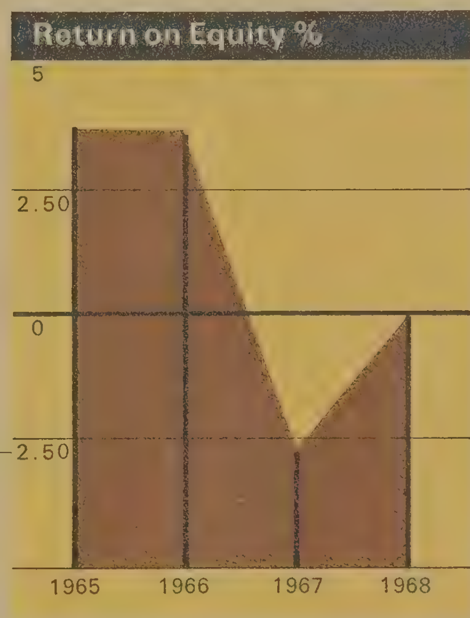
In 1969, it appears that cement consumption in Inland's marketing area should be maintained at the 1968 rate. Although high interest rates may affect the rate of growth of construction activity, the Company believes there will be a continuing demand for housing, educational facilities, urban development, power facilities and industrial installations related to natural resource developments.

## Chemicals and Fertilizers

| | 1965 | 1966 | 1967 | 1968 |
|---|---|---|---|---|
| | | (thousands of dollars) | | |
| NET SALES | $ 9,438 | $11,066 | $15,118 | $36,465 |
| Cost of Sales | 6,208 | 7,287 | 11,889 | 29,312 |
| Selling and Administrative Expenses | 553 | 718 | 2,355 | 4,585 |
| Interest on Long Term Debt | 311 | 312 | 413 | 564 |
| Depreciation | 1,212 | 1,468 | 1,711 | 1,984 |
| | 8,284 | 9,785 | 16,368 | 36,445 |
| Income (Loss) Before Taxes | 1,154 | 1,281 | (1,250) | 20 |
| Income Taxes | 504 | 640 | (634) | 17 |
| INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS | $ 650 | $ 641 | $ (616) | $ 3 |
| EQUITY | $16,586 | $17,213 | $23,747 | $21,129 |
| RETURN ON EQUITY | 3.9% | 3.7% | (2.6%) | nil |



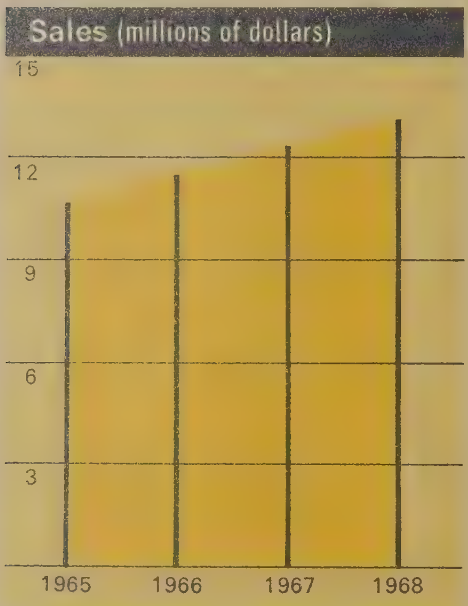

The performance of this segment of the Company's activities was disappointing. The chemical industry in 1968 experienced all the conditions of an upset market structure: over-production, over-capacity, price cutting and intense competition, which affected the division's operations. To a certain extent the adverse factors in the chemical industry benefited the fertilizer industry by reducing raw material costs. This enabled the fertilizer department to maintain volume and reduce losses in spite of further deterioration in selling prices. In 1967, the Company incurred costs in the amount of $692,000 (net of income taxes of $728,000) caused by its acquisition of most of the mixed fertilizer operations after the close of the principal selling season.

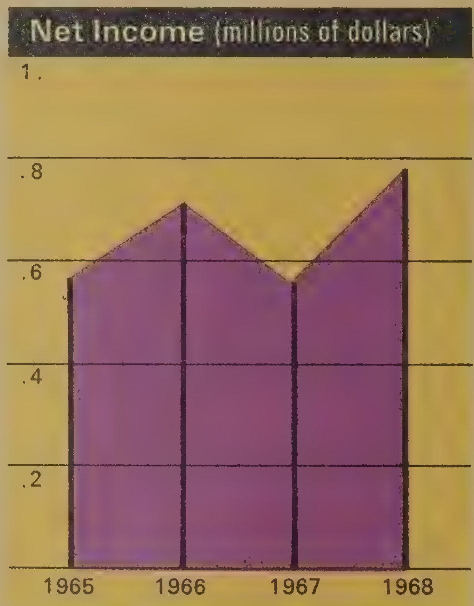
Although the Company's urea plant has shown improvement in 1968 over the previous year, operating difficulties continued. In the latter part of the year, the plant was shut down to perform alterations, which now have been completed, to correct these operating defects.

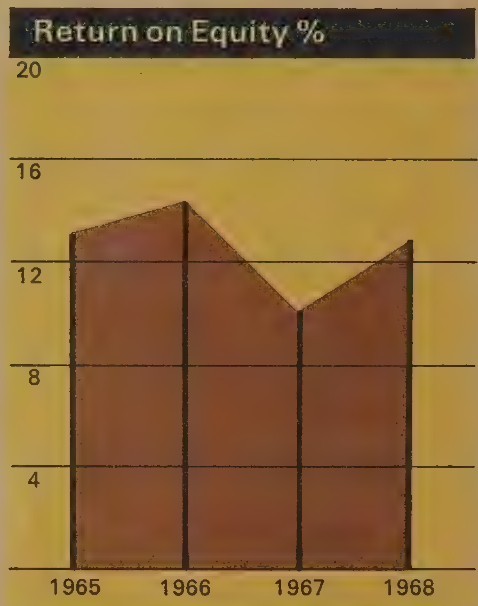
During 1969, it is expected that product demand will grow and that some firming of prices will occur. In addition a general program of cost reductions and improved operating and marketing efficiencies is being implemented and is expected to produce progressive improvement in this division.

## Marine

| | 1965 | 1966 | 1967 | 1968 |
|---|---|---|---|---|
| | | (thousands of dollars) | | |
| OPERATING REVENUE | $10,704 | $11,273 | $12,012 | $13,228 |
| Operating Expenses | 6,673 | 6,854 | 7,462 | 8,160 |
| Selling and Administrative Expenses | 1,479 | 1,309 | 1,696 | 1,588 |
| Interest on Long Term Debt | 246 | 478 | 459 | 421 |
| Depreciation | 1,017 | 1,171 | 1,286 | 1,356 |
| | 9,415 | 9,812 | 10,903 | 11,525 |
| Income Before Taxes | 1,289 | 1,461 | 1,109 | 1,703 |
| Income Taxes | 681 | 708 | 504 | 864 |
| Income Before Extraordinary Items | 608 | 753 | 605 | 839 |
| Preferred Dividend | 37 | 37 | 37 | 57 |
| NET EARNINGS | $ 571 | $ 716 | $ 568 | $ 782 |
| EQUITY | $ 4,360 | $ 5,076 | $ 5,644 | $ 6,058 |
| RETURN ON EQUITY | 13.1% | 14.1% | 10.1% | 12.9% |




Revenues on the West Coast in 1968 exceeded the previous high set in 1967. The largest gains were in deep sea salvage and railcar operations. In spite of adverse weather conditions in the latter part of the year, earnings also exceeded the previous high of 1967.

The outlook for 1969 is good. Revenue from salvage operations are, by their very nature, extremely difficult to predict and it is, therefore, impossible to determine the effect of salvage operations on earnings in 1969. However, productivity from the new equipment recently put into service and that under construction for 1969 should continue to provide satisfactory earnings from this operation.

An increase in salvage revenue in the Eastern operations in 1968 helped off-set increases in wages and other operating costs. Although the number of ships docking at the Montreal Harbour has shown a decline in recent years, the Company is off-setting this revenue loss by providing towing and specialized transportation services. The Company will continue the development of this activity as it expects a substantial amount of bulk commodities to be transported by tug and barge on the St. Lawrence River and the East Coast of Canada.

## BACM

| | Six Months Ended December 31, 1968 |
|---|---|
| | (thousands of dollars) |
| NET SALES | $54,633 |
| Cost of Sales | 41,879 |
| Selling and Administrative Expenses | 4,761 |
| Interest on Long Term Debt | 909 |
| Depreciation | 2,337 |
| | 49,886 |
| Income Before Taxes | 4,747 |
| Income Taxes | 2,453 |
| Income Before Minority Interest | 2,294 |
| Minority Interest | 1,193 |
| INCOME BEFORE EXTRAORDINARY ITEMS | $ 1,101 |
| EQUITY | $13,461 |
| RETURN ON EQUITY | (1) |

(1) Assuming full-year's ownership, return on equity would have been approximately 10%.

In 1968, the sales and net earnings of BACM Industries were significantly greater than those of the previous year as a direct result of its acquisition program and internal development. The Company's share of these improved results since the date of acquisition are shown above.

The outlook for 1969 is favorable, subject to the supply and cost of money for construction and development activities in Western Canada.

## Import-Export and Industrial Products

| | 1965 | 1966 | 1967 | 1968 |
|---|---|---|---|---|
| | | (thousands of dollars) | | |
| NET SALES | $ 859 | $ 5,861 | $45,632 | $76,259 |
| Cost of Sales | 811 | 5,365 | 44,041 | 72,938 |
| Selling and Administrative Expenses | 69 | 261 | 1,263 | 2,900 |
| Interest on Long Term Debt | | 21 | 37 | 219 |
| Depreciation | | 44 | 111 | 181 |
| | 880 | 5,691 | 45,452 | 76,238 |
| Income (Loss) Before Taxes | (21) | 170 | 180 | 21 |
| Income Taxes | (17) | 56 | 53 | (70) |
| INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS | $ (4) | $ 114 | $ 127 | $ 91 |
| EQUITY | $ 779 | $ 1,526 | $ 2,791 | $ 3,605 |
| RETURN ON EQUITY | (.5%) | 7.5% | 4.6% | 2.5% |

Although these operations had a substantial increase in sales in 1968, the reduction in income from the import-export and industrial products operations for the year was due principally to the establishment of a reserve to cover certain claims which have not yet been resolved, substantial increases in the provision for doubtful accounts, an increase in insurance rates on shipped products and the effects of extended strikes on the St. Lawrence Seaway and Atlantic East Coast and Gulf of Mexico ports.

## Investments

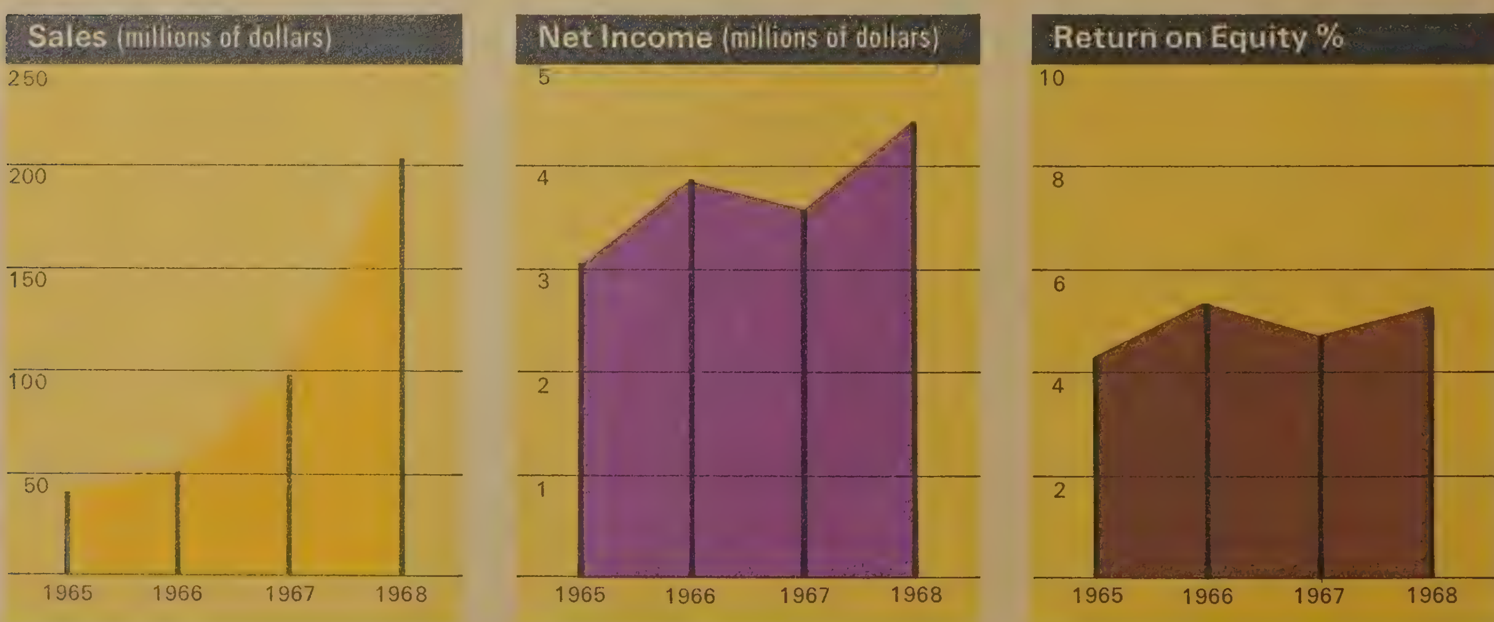
| | 1965 | 1966 | 1967 | 1968 |
|---|---|---|---|---|
| | | (thousands of dollars) | | |
| INVESTMENT INCOME | $ 763 | $ 728 | $ 970 | $ 1,447 |
| Less: transferred to other categories | 36 | 71 | 175 | 720 |
| | 727 | 657 | 795 | 727 |
| Administrative Expenses | 120 | 182 | 233 | 316 |
| Interest on Long Term Debt | 228 | 193 | 237 | 315 |
| | 348 | 375 | 470 | 631 |
| Income Before Taxes | 379 | 282 | 325 | 96 |
| Income Taxes | nil | nil | nil | nil |
| INCOME BEFORE EXTRAORDINARY ITEMS | $ 379 | $ 282 | $ 325 | $ 96 |
| EQUITY | $13,605 | $13,006 | $16,950 | $14,809 |
| RETURN ON EQUITY | 2.8% | 2.2% | 1.9% | 0.6% |

The Company owns approximately 13 percent of the outstanding shares of Fraser Companies, Limited, a manufacturer of pulp and paper in Canada and the United States. The operational difficulties experienced by Fraser in 1967 appear to have been overcome and 1968 showed encouraging signs of recovery. The new management group formed in 1968 has implemented corrective measures which include the acquisition of a sawmill and dressing mill. Net operating income of Fraser for 1968 amounted to 48 cents per share compared with two cents per share in 1967. The results exclude profits from the sale of fixed assets.

The Company owns approximately 20 percent of the equity of Rothesay Paper Corporation. Serious breakdowns in the newsprint machine occurred in the early part of 1968 and were corrected. Rothesay expects to show satisfactory levels of earnings during 1969.

The Company is constantly reviewing its investment portfolio with a view toward improvement in return on invested capital.

## Corporate Sales, Net Income and Return on Equity



## Five Year Review

| | 1968 | 1967 | 1966 | 1965 | 1964 |
|---|---|---|---|---|---|
| **Income** | | | | | |
| Sales and Investment Income | **$204,642,000** | $98,340,000 | $50,831,000 | $41,585,000 | $33,846,000 |
| Funds from Operations | **15,981,000** | 10,519,000 | 12,097,000 | 10,291,000 | 8,659,000 |
| Depreciation, Depletion and Amortization | **8,096,000** | 5,673,000 | 4,946,000 | 4,359,000 | 3,863,000 |
| Income before Extraordinary Items Available for Common Shares | **4,426,000** | 2,595,000 | 3,526,000 | 3,107,000 | 2,190,000 |
| Gain on Sale of Assets and Investments | **56,000** | 1,022,000 | 439,000 | 29,000 | 249,000 |
| Net Income Available for Common Shares | **4,482,000** | 3,617,000 | 3,965,000 | 3,136,000 | 2,439,000 |
| **Dollars per Common Share**—Based on the average number of shares outstanding | | | | | |
| Income before Extraordinary Items | **$ .77** | $ .47 | $ .65 | $ .57 | $ .40 |
| Extraordinary Items | **.01** | .18 | .08 | .01 | .05 |
| Net Income | **.78** | .65 | .73 | .58 | .45 |
| Cash Dividends | **.65** | .65 | .65 | .60 | |
| Funds from Operations | **2.43** | 1.90 | 2.22 | 1.89 | 1.59 |
| **Other Statistics** | | | | | |
| Working Capital | **$26,365,000** | $2,600,000 | $2,188,000 | $2,893,000 | $3,554,000 |
| Investments | **29,405,000** | 28,072,000 | 18,787,000 | 19,967,000 | 17,940,000 |
| Fixed Assets | **163,172,000** | 104,046,000 | 100,681,000 | 92,720,000 | 79,275,000 |
| Long Term Debt, less Current Portion | **61,096,000** | 26,190,000 | 24,522,000 | 26,742,000 | 25,760,000 |
| Deferred Income Taxes | **25,452,000** | 16,852,000 | 14,881,000 | 11,897,000 | 9,623,000 |
| Minority Interests | **13,530,000** | 500,000 | 500,000 | 500,000 | 500,000 |
| Shareholders' Equity | **84,111,000** | 77,990,000 | 75,131,000 | 74,222,000 | 74,150,000 |
| Number of Outstanding Shares | | | | | |
| Average for the Year | **5,722,254** | 5,522,431 | 5,432,654 | 5,432,654 | 5,432,654 |
| December 31 | **6,056,446** | 5,597,776 | 5,432,654 | 5,432,654 | 5,432,654 |
| Number of Employees | **3,585** | 1,867 | 1,870 | 1,773 | 1,614 |

The above comparative data has been restated to reflect full provision for deferred income taxes and the acquisition of McAllister Towing Ltd. on a "pooling of interests" basis. The 1964 and 1965 figures combine the four companies which were amalgamated in 1965.

## Summary of Canadian Economy

| | Preliminary 1968 | 1967 | 1966 |
|---|---|---|---|
| Gross National Product—$ billions | | | |
| in Current Dollars | **67.0** | 62.0 | 58.1 |
| in Constant (1957) Dollars | **51.2** | 49.0 | 47.7 |
| Employment—thousands | **7,600** | 7,379 | 7,152 |
| Corporate Profits After Taxes—$ millions | **3,150** | 3,000 | 2,997 |
| Corporate Dividends—$ millions | **1,565** | 1,543 | 1,417 |
| Production | | | |
| Primary Steel—thousands of tons | **11,106** | 9,551 | 9,814 |
| Motor Vehicles—thousands of units | **1,177** | 942 | 893 |
| Newsprint—thousands of tons | **8,050** | 8,051 | 8,419 |
| Paper and Pulp—$ millions | **2,400** | 2,300 | 2,306 |
| All Minerals—$ millions | **4,700** | 4,399 | 3,969 |
| Cement—$ millions | **154** | 146 | 156 |
| Farm Cash Income—$ millions | **4,300** | 4,564 | 4,241 |
| Wheat Production—millions of bushels | **650** | 593 | 827 |
| Private and Public Capital Investment—$ millions | **16,000** | 15,520 | 14,897 |
| Housing Starts—thousands of units | **197** | 161 | 134 |
| Merchandise Exports—$ millions | **13,576** | 11,411 | 10,325 |
| Merchandise Imports—$ millions | **12,344** | 11,081 | 9,866 |
| Deficit on Current Account—$ millions | **250** | 425 | 1,137 |

## Division and Subsidiary Personnel, Products and Services

### Brockville Chemical

C. A. Vandendries—*Chairman of the Board*
B. T. Johnson—*Chairman of Executive Committee & Chief Executive Officer*
A. Lambert—*President & Chief Operating Officer*
H. B. McEwen—*Director of Marketing*
T. Hurdman—*Director of Administration & Secretary-Treasurer*
J. Chantraine—*General Manager—Maitland Works*
L. E. Whitworth—*General Manager—Fertilizer*

Industrial chemicals, fertilizers and fertilizer materials, including ammonia, ammonium nitrate, urea, nitrogen solutions, nitric acid and industrial gases (nitrogen, hydrogen and carbon dioxide).

| | |
|---|---|
| Main Office Fertilizer and Chemical | *Suite 2340 One Place Ville Marie Montreal 113, Quebec* |
| Chemical Plant and Sales Office | *Maitland, Ontario* |
| Fertilizer Regional Offices | *Toronto, Ontario; Montreal, Quebec; Saint John, New Brunswick* |
| Fertilizer Plants | *Toronto, Welland, Elmira, Chatham and Cornwall, Ontario; Montreal, Ste. Foy and Sillery, Quebec; Saint John, New Brunswick; Summerside, Prince Edward Island; Windsor, Nova Scotia; Presque Isle, Maine* |

### Indussa Corporation

Victor V. Shick—*President*
Nils Wennerholm—*Senior Vice-President*
Oleg G. Cherny—*Vice-President*
E. J. Helfand—*Vice-President*
Alfred Zatorski—*Controller*
Arthur Scotto—*Treasurer*
Howard H. Bachrach—*Secretary*

General mill representatives and importers specializing in ferrous and non-ferrous products from world suppliers to the United States and the export of domestic products to overseas markets.

| | |
|---|---|
| Main Office | *605 Third Avenue New York, N.Y. 10016* |
| Offices | *Chicago, San Francisco, Los Angeles, Houston* |

### Inland Cement

William S. Ziegler—*Chairman of the Board*
D. R. B. McArthur—*President*
George Ross—*Vice-President—Marketing*
Walter S. Bannister—*Vice-President—Production*
R. J. Zimmel—*Secretary-Treasurer*

Normal portland cement, oilwell cement, high early strength cement, masonry cement, sulphate resistant cement and special potash cement.

| | |
|---|---|
| Main Office | *156th Street & 125th Avenue P.O. Box 2555 Edmonton, Alberta* |
| Plants | *Edmonton, Regina and Winnipeg* |
| Distribution Centres | *Calgary, Saskatoon and Port Arthur* |
| Sales Offices | *Edmonton, Calgary, Regina, Saskatoon, Winnipeg, Port Arthur* |

### Neelon Steel

Thomas C. Hirst—*President*

Cast steel grinding balls.

| | |
|---|---|
| Main Office and Plant | *R.R. No. 1 Sudbury, Ontario* |

### Island Tug & Barge

Harold B. Elworthy—*Chairman of the Board*
Arthur B. Elworthy—*President*
Edward Judd—*Vice-President & Secretary-Treasurer*
Donald B. Elworthy—*Vice-President*
Gordon B. Elworthy—*Vice-President & Assistant-Secretary*
Frederick W. Skinner—*Vice-President*
J. Heyrman—*Assistant to the President*
Donald F. Sherwood—*Assistant-Treasurer*

Marine towing, barge transportation and salvage operations in the Ports of Vancouver and Victoria, the Pacific coastal waters and the Northern Pacific areas.

| | |
|---|---|
| Main Office | *One Bentall Centre Vancouver 1 British Columbia* |
| Office | *345 Harbour Road Victoria 1 British Columbia* |

### Sogemines Development

E. John Cuyler—*Executive Vice-President*

| | |
|---|---|
| Office | *722 Centennial Building 10015—103rd Avenue Edmonton 15, Alberta* |

### BACM Industries

Saul Simkin—*President and Chairman of the Board*
John L. Bodie—*Vice-President*
Abraham L. Simkin—*Vice-President*
Israel Simkin—*Vice-President*
Daniel D. Tallman—*Vice-President*
B. A. Monkman—*Vice-President*
Kenneth C. Kinsley—*Treasurer & Assistant-Secretary*
Thomas R. Denton—*Secretary*

Manufacture and distribution of pre-cast and pre-stressed structural and architectural concrete products, ready-mix concrete and gypsum wallboard, dwellings and specialized structures, sand, gravel, classified aggregates, gypsum and other materials; the erection of housing and the development of land.

| | |
|---|---|
| Main Office | *1500 Plessis Road Winnipeg 25, Manitoba* |

### Indussa Canada—Industrial Sales

George R. Pootmans—*President*
Vincent Madigan—*Manager, Sept-Iles, Wabush*

General mill representatives specializing in imported ferrous and domestic non-ferrous products.
Distributors of rubber and other products to the mining industry.

| | |
|---|---|
| Main Office | *1980 Sherbrooke Street West Montreal 109, Quebec* |
| Office | *6 Eva Road Building No. 3 Etobicoke, Ontario* |
| Sales Office and Warehouses | *Sept-Iles, Wabush* |

### McAllister Towing

Donal G. McAllister—*President*
Trevor H. Caron—*Assistant-Treasurer & Assistant-Secretary*

Marine towing, transportation and salvage operations in the Port of Montreal, St. Lawrence River, St. Lawrence Seaway and the Great Lakes.

| | |
|---|---|
| Main Office | *20 Grey Nuns Street Montreal 101, Quebec* |

### Metro Concrete

Frederick F. McGinnis—*President*
John B. Ewing—*Secretary*

Cement ready-mix operations in Greater Vancouver area with portable operations throughout British Columbia.

| | |
|---|---|
| Main Office | *403 Sixth Street New Westminster British Columbia* |

## GENSTAR LIMITED
## and Subsidiary Companies
(Incorporated under the laws of Canada)

## Consolidated Balance Sheet as at December 31, 1968
(thousands of dollars)

### Assets

| | 1968 | 1967 |
|---|---|---|
| **Current Assets** | $ | $ (Note 2) |
| Cash | **2,201** | 1,713 |
| Accounts and notes receivable—trade (Note 16) | **57,423** | 25,253 |
| —other | **1,557** | 1,519 |
| Inventories (Notes 3 and 16) | **31,102** | 11,093 |
| Prepaid expenses | **1,368** | 678 |
| | **93,651** | 40,256 |
| **Other Assets** | **1,632** | 585 |
| **Investments** (Note 16) | | |
| Marketable securities—at cost (quoted value 1968—$7,661; 1967—$6,429) | **10,390** | 9,406 |
| Other securities—at cost | **15,573** | 15,732 |
| Participations in real estate (Note 4) | **3,442** | 1,739 |
| Deposit of purchase price of shares | | 1,195 |
| | **29,405** | 28,072 |
| **Fixed Assets** (Notes 5 and 16) | | |
| Land, buildings, vessels, machinery and equipment | **163,172** | 104,046 |
| Accumulated depreciation | **52,931** | 21,353 |
| | **110,241** | 82,693 |
| **Debt Discount and Expense, less Amortization** | **757** | |
| **Intangible Assets arising from Amalgamation and Acquisitions** (Notes 6 and 10) | **15,789** | 7,582 |
| | **251,475** | 159,188 |

Signed on behalf of the Board,

EDWARD C. WOOD, Director
A. A. FRANCK, Director

## Liabilities

| | 1968 | 1967 |
|---|---|---|
| **Current Liabilities** | $ | $ (Note 2) |
| Bank advances and acceptances (Notes 8 and 16) | **28,456** | 13,548 |
| Trade accounts payable and accrued liabilities | **21,487** | 14,922 |
| Other accounts and notes payable (Note 7) | **4,055** | 9 |
| Income Taxes—current | **2,199** | 47 |
| —deferred, related to contract holdbacks | **1,182** | |
| Advances from associated companies (Note 8) | **1,912** | 2,061 |
| Dividends payable | **1,442** | 3,261 |
| Current portion of long term debt | **6,553** | 3,808 |
| | **67,286** | 37,656 |
| **Long Term Debt, less Current Portion** (Note 9) | **61,096** | 26,190 |
| **Deferred Income Taxes** (Note 10) | **25,452** | 16,852 |
| **Minority Interest in Subsidiaries** (Note 11) | **13,530** | 500 |
| | **167,364** | 81,198 |

## Shareholders' Equity

| | 1968 | 1967 |
|---|---|---|
| **Capital Stock** (Notesl,12, 13, 14 and 18) | | |
| Authorized | | |
| 8,000,000 Common Shares without nominal or par value | | |
| Issued and fully paid | | |
| 6,056,446 shares | **71,186** | 65,010 |
| **Contributed Surplus** | **5,856** | 5,856 |
| **Retained Earnings** (Note 15) | **7,069** | 7,124 |
| | **84,111** | 77,990 |
| | **251,475** | 159,188 |

## GENSTAR LIMITED
## and Subsidiary Companies

### Consolidated Statement of Income for the year ended December 31, 1968
(thousands of dollars)

| | 1968 | 1967 |
|---|---|---|
| | $ | $ (Note 2) |
| **Income** | | |
| Net Sales (Note 18) | **203,195** | 97,370 |
| Investment Income | **1,447** | 970 |
| | **204,642** | 98,340 |
| **Costs and Expenses** | | |
| Cost of goods sold | **165,357** | 78,222 |
| Selling, general and administrative expenses | **16,768** | 7,726 |
| Depreciation, depletion and amortization | **8,096** | 5,673 |
| Interest on long term debt | **3,092** | 1,668 |
| | **193,313** | 93,289 |
| **Income before Income Taxes, Minority Interest and Extraordinary Items** | **11,329** | 5,051 |
| **Provision for Income Taxes** (Note 10) | | |
| Current | **3,444** | 205 |
| Deferred | **2,209** | 2,214 |
| | **5,653** | 2,419 |
| **Minority Interest in Net Income of a Subsidiary** | **1,193** | |
| | **6,846** | 2,419 |
| **Income before Extraordinary Items** | **4,483** | 2,632 |
| **Extraordinary Items** | | |
| Net gain on sale of investments | **56** | |
| Gain on sale of assets and operations of Iroquois Glass Division, net of income taxes | | 1,022 |
| | **4,539** | 3,654 |
| **Preferred Dividends paid by Pooled Company** | **57** | 37 |
| **Net Income for the year—available for Common Shares** (Note 5) | **4,482** | 3,617 |
| **Average number of Common Shares outstanding during the year** | **5,722,254** | 5,522,431 |
| **Dollars per Common Share** (Note 18) | | |
| Income before extraordinary items | **$ .77** | $ .47 |
| Extraordinary items | **.01** | .18 |
| Net Income | **.78** | .65 |
| Pro-forma net income (Note 18) | **.72** | |

**GENSTAR LIMITED**
**and Subsidiary Companies**

## Consolidated Statement of Source and Use of Funds for the year ended December 31, 1968
(thousands of dollars)

| | 1968 $ | 1967 $ (Note 2) |
|---|---|---|
| **Source of Funds** | | |
| Income for the year before Extraordinary Items | **4,483** | 2,632 |
| Items not requiring funds: | | |
| Depreciation, depletion and amortization | **8,096** | 5,673 |
| Deferred income taxes | **2,209** | 2,214 |
| Minority interest in net income of a subsidiary | **1,193** | |
| Funds from operations | **15,981** | 10,519 |
| Issue of long term debt, net of discount and expenses | **22,289** | 5,758 |
| Proceeds from sale of investments | **1,753** | 1,101 |
| Working Capital of acquired subsidiaries in excess of funds used for acquisitions | **1,187** | 267 |
| Proceeds from sale of assets and operations of Iroquois Glass division | | 9,398 |
| Issue of Common Shares for cash | **65** | 529 |
| | **41,275** | 27,572 |
| **Use of Funds** | | |
| Purchase of investments | **793** | 10,057 |
| Additions to fixed assets (net) | **4,475** | 9,646 |
| Reduction of long term debt due after one year | **7,091** | 4,089 |
| Payment of dividends—Company | **3,937** | 3,165 |
| —pooled subsidiary | **300** | 37 |
| Redemption of preferred shares of pooled company | **625** | |
| Settlement, in 1968, of claims in respect of years prior to 1967 | **232** | |
| Other transactions (net) | **57** | 166 |
| | **17,510** | 27,160 |
| **Working Capital** | | |
| Increase in the year | **23,765** | 412 |
| At beginning of year | **2,600** | 2,188 |
| At end of year | **26,365** | 2,600 |

**GENSTAR LIMITED**
**and Subsidiary Companies**

## Consolidated Statement of Retained Earnings for the year ended December 31, 1968
(thousands of dollars)

| | 1968 | 1967 |
|---|---|---|
| | $ | $ (Note 2) |
| **Balance—beginning of year** | 7,124 | 6,672 |
| Net income for the year | 4,482 | 3,617 |
| | 11,606 | 10,289 |
| Dividends paid to— | | |
| Common shareholders of Company | 3,937 | 3,165 |
| Former common shareholders of pooled subsidiary | 243 | |
| Premium on redemption of preferred shares of pooled subsidiary | 125 | |
| Settlement, in 1968, of claims in respect of years prior to 1967 | 232 | |
| | 4,537 | 3,165 |
| **Balance—end of year** | 7,069 | 7,124 |

## Auditors' Report to the Shareholders

We have examined the consolidated balance sheets of GENSTAR LIMITED (formerly Sogemines Limited) and subsidiaries as at December 31, 1968 and 1967 (as restated) and the related consolidated statements of income, retained earnings and source and use of funds for the years then ended. The financial statements for the year ended December 31, 1967 have been restated as described in note 2. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We did not examine the financial statements of the subsidiary BACM Industries Limited and its subsidiaries, which statements were examined by other independent chartered accountants, whose reports thereon were furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for such subsidiaries, is based solely upon such reports.

In our opinion, based upon our examination and the reports of other auditors referred to above, these consolidated financial statements present fairly the financial position of GENSTAR LIMITED and subsidiaries as at December 31, 1968 and 1967 and the results of their operations and the source and use of funds for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis, except for the change referred to in note 5 with which we concur.

McDonald, Currie & Co.
Chartered Accountants

Montreal, March 4, 1969.

## Notes to Consolidated Financial Statements for the year ended December 31, 1968

References to the "Company" in the Consolidated Financial Statements and these Notes are to GENSTAR LIMITED

**1. Principles of Consolidation**

The consolidated financial statements include the accounts of all subsidiaries from the date of each acquisition except that the accounts of McAllister Towing Ltd., which was acquired on a pooling of interests basis in 1968, have been included retroactively.

The Company's investment in subsidiaries as at December 31, 1968 exceeded its equity in the net assets thereof by $11,731,000. On consolidation this excess was distributed as follows:

| | (thousands of dollars) |
|---|---|
| Charged to Capital Stock | 8,645 |
| Charged to Intangible Assets Arising from Amalgamation and Acquisitions | 8,303 |
| Credited to Retained Earnings | (5,217) |
| | $ 11,731 |

The Company issued 729,166 common shares at a price of $15 per share for the acquisition of the shares of McAllister Towing Ltd. Since this acquired company is included on a pooling of interests basis, these shares of the Company are stated on consolidation at $2,292,000, being the stated value of the pooled company's capital stock, $2,500,000, less the cost of acquisition of the original minority interest and acquisition expenses.

The accounts of United States and United Kingdom subsidiaries have been translated to Canadian dollars as follows:

Fixed assets at rates of exchange prevailing at the date of acquisition;

Long term debt at the rate prevailing at the date of each transaction;

Other assets and liabilities at the rate at the balance sheet date;

Revenues and expenses, other than depreciation, at average rates in effect during the relevant period;

Depreciation at rates prevailing at the dates on which the expenditures on the related assets were made.

**2. Restatement of 1967 Financial Statements**

The financial statements for 1967 have been restated to give retroactive effect (a) to the adoption by the Company and its subsidiaries of the deferred method of accounting for income taxes referred to in Note 10 and (b) to the inclusion of McAllister Towing Ltd. and subsidiaries on a pooling of interests basis.

In addition, certain figures have been restated to conform with the presentation adopted in 1968.

The effect of this restatement on the consolidated net income for 1967 and consolidated retained earnings as at January 1, 1967 previously reported was as follows:

| | | (thousands of dollars) |
|---|---|---|
| Consolidated Net Income—previously reported | | |
| Company | | 5,221 |
| McAllister Towing Ltd., acquired in a pooling of interests in 1968 | | 1,031 |
| | | 6,252 |
| Deferred Taxes on above Income | | (2,942) |
| Items previously shown in Retained Earnings | | |
| Net gain on sale of assets and operations of Iroquois Glass Division | 1,825 | |
| less income taxes | 803 | 1,022 |
| Certain costs and expenses of the mixed fertilizer operations | 1,420 | |
| less income taxes | 728 | (692) |
| Settlement, in 1968, of claims in respect of prior years | | (23) |
| Consolidated Net Income—Restated | | $ 3,617 |
| Consolidated Retained Earnings as at January 1, 1967—previously reported | | |
| Company | | 8,126 |
| McAllister Towing Ltd., acquired in a pooling of interests in 1968 | | 5,491 |
| | | 13,617 |
| Deferred Income Taxes in respect of prior years | | 6,945 |
| Consolidated Retained Earnings as at January 1, 1967—Restated | | $ 6,672 |

**3. Inventories**

Inventories used in determining cost of sales were priced at the lower of cost and either replacement cost or net realizable value on a first-in, first-out basis. At December 31, these inventories were classified as follows:

| | 1968 | 1967 |
|---|---|---|
| | (thousands of dollars) | |
| Finished goods | 10,815 | 5,729 |
| Work in process | 5,030 | |
| Raw Materials and Manufacturing Supplies | 6,236 | 3,708 |
| Maintenance and Repair Parts | 2,192 | 1,656 |
| Land held for development and sale | 6,829 | |
| | $31,102 | $11,093 |

**4. Participations in Real Estate**

These participations consist of:

(a) an investment in a one-third interest in an apartment complex carried in the accounts at cost less provision for profits and losses and cash withdrawals;

(b) an investment in land held for future development, carried at cost; and

(c) revenue properties which are carried at cost less accumulated depreciation.

**5. Fixed Assets**

The major classifications of fixed assets with related accumulated depreciation are set out in the following table. These figures include land (not subject to depreciation) which cost $2,908,000.

| | 1968 Assets | 1968 Accumulated Depreciation | 1968 Net | 1967 Net |
|---|---|---|---|---|
| | (thousands of dollars) | | | |
| Cement plants and equipment | 47,703 | 10,998 | 36,705 | 37,271 |
| Chemical and fertilizer plants and equipment | 36,851 | 6,020 | 30,831 | 31,056 |
| Tugs, barges and other marine equipment | 22,948 | 10,072 | 12,876 | 13,076 |
| Building materials, plants and equipment | 29,756 | 13,517 | 16,239 | |
| Construction and land development plants and equipment | 23,396 | 11,350 | 12,046 | |
| Other | 2,518 | 974 | 1,544 | 1,290 |
| | $163,172 | $52,931 | $110,241 | $82,693 |

Fixed assets are stated at cost, except that an amount of approximately $14,600,000 has been included which represents the difference between the cost of the Company's investments in the subsidiary companies, which were amalgamated in 1965, and the stated value of the net tangible assets represented by those investments, after giving effect to subsequent disposals.

Provision for depreciation has been computed by use of the straight-line method on all depreciable assets. Depletion of the cost of quarries and gravel deposits has been computed using the unit of extraction method.

In the case of cement plants, prior to 1968, provision had been made for depreciation using the unit of production method based on estimated useful life. During 1968, however, this division adopted the straight-line method which is in general use throughout the Company and subsidiaries. This change has had the effect of reducing the provision for depreciation which would have been made for 1968 on the former basis, and, correspondingly, has increased net income after taxes for the year by approximately $235,000.

**6. Intangible Assets arising from Amalgamation and Acquisitions**

Intangible Assets Arising from Amalgamation and Acquisitions represents the amount by which the purchase price of shares of subsidiaries acquired was greater than the amounts attributable to their net assets together with a further amount as described in Note 10. No amortization of these amounts has been reflected in the accounts since, in the opinion of management, no diminution of value has occurred.

**7. Amounts Payable to Directors**

As a result of the purchase of the interest in BACM Industries Limited an amount of $429,000 is currently payable by the Company to a corporation controlled by a director which also holds $679,000 of the Company's non-interest bearing notes which are included in Long Term Debt.

**8. Indebtedness to Associated Companies**

| Advances from Associated Companies include the following: | (thousands of dollars) |
|---|---|
| Union Minière Explorations and Mining Corporation Limited—interest at prime Canadian bank rate | 979 |
| Union Minière Canada Limited—interest at prime Canadian bank rate | 247 |
| Marais Finance and Investments Limited—interest at prime Canadian bank rate | 536 |
| N.V. Metallurgie Hoboken S.A.—interest at 5.29% | 150 |
| | $1,912 |

In addition, Indussa Corporation, a subsidiary, is indebted to Société Générale de Banque, an associated company, in the amount of $4,478,000 which is included with bank advances and to Société Générale des Minerais, an associated company, in the amount of $555,000 which is included in Long Term Debt. The Company is indebted to Société d'Entreprise et d'Investissements du Bécéka, an associated company, in the amount of $480,000 which is also included in Long Term Debt.

## 9. Long Term Debt

The detail of Long Term Debt is as follows:

| | 1968 | | 1967 |
|---|---|---|---|
| | Current Portion | Total | Total |
| | (thousands of dollars) | | |
| **GENSTAR LIMITED** | | | |
| *First Mortgage Sinking Fund Bonds* | | | |
| 5⅞% bonds, Series A, due 1984...... | 225 | 4,500 | 4,500 |
| 6¾% bonds, Series B, due 1975...... | 142 | 4,341 | 4,889 |
| 6¾% bonds, Series C, due 1980...... | | 3,500 | 3,750 |
| 8% bonds, Series D, due 1988, with share purchase warrants....... | | 14,650 | |
| *Other long term debt* | | | |
| Bank loan, at interest variable with prime rate, payable in equal annual instalments to 1972............... | 500 | 2,000 | 2,500 |
| 7% note payable, in equal annual instalments to 1970 (Note 8)....... | 240 | 480 | 720 |
| Non-interest bearing notes, payable in four equal annual instalments of $570,000 to 1972 and a final instalment of $595,000 in 1973 (Note 12)....................... | 570 | 2,875 | |
| 6% loan payable to BACM Industries Limited, payable in equal annual instalments to 1972......... | | | 940 |
| **MCALLISTER TOWING LTD. AND SUBSIDIARIES** | | | |
| *First Mortgage Sinking Fund Bonds* | | | |
| 5¾% bonds, Series A, due 1969...... | 200 | 200 | 400 |
| 4¾% bonds, Series A, due 1970...... | 160 | 325 | 480 |
| 5¾% bonds, Series A, due 1973...... | 90 | 450 | 540 |
| 6¼% bonds, Series B, due 1970, payable in U.S. Funds............ | 50 | 485 | 540 |
| 5¾% bonds, Series B, due 1972...... | 75 | 300 | 375 |
| 6½% bonds, Series C, due 1972...... | 50 | 200 | 250 |
| 6½% bonds, Series D, due 1980...... | 300 | 3,700 | 4,000 |
| *Other long term debt* | | | |
| 5% First mortgage loan, due 1969.... | 33 | 33 | 65 |
| 6% Note payable, due 1969.......... | 125 | 125 | 125 |
| 5% Subordinated unsecured loan, due 1969....................... | 156 | 156 | 156 |
| 5¾% Note payable, due June 30, 1968 | | | 13 |
| **BACM INDUSTRIES LIMITED AND SUBSIDIARIES** | | | |
| *First Mortgage Sinking Fund Bonds* | | | |
| 6% bonds, Series A, due 1983........ | 50 | 2,500 | |
| 5½% bonds, Series B, due 1969...... | 125 | 125 | |
| 7% bonds, Series C, due 1986........ | 70 | 1,260 | |
| *Debentures* | | | |
| 6% Sinking Fund Debentures, due 1981. Payments of $100,000 (U.S.) increasing to $225,000 (U.S.) dependent on earnings, are due annually. The current maturity ($225,000 U.S.) has been reduced to nil by the amount of debentures repurchased in excess of requirements. Outstanding $1,862,000 (U.S.) Payable in U.S. funds............ | | 1,911 | |
| 5¾% Serial Debentures, due 1975.... | 125 | 875 | |
| *Other long term debt* | | | |
| 5¾% mortgage loan, due 1970....... | 130 | 195 | |
| Advance on 6½% mortgage, payable in thirty equal semi-annual instalments commencing 1970............... | | 3,126 | |
| 5½%-7% mortgages on revenue properties. Payable in varying instalments........................ | 26 | 801 | |
| 6¼% Note due 1979. Mandatory payments of $300,000 (U.S.) and supplemental repayments based on sales of land held for development and sale are due annually. Payable in U.S. funds................... | 482 | 3,379 | |
| 5% Note, payable in equal annual instalments to 1971.............. | 50 | 150 | |
| Equipment Finance Note due 1975, but payments running in advance of due date....................... | 177 | 182 | |
| Non-interest bearing Note, due 1970.. | 500 | 1,000 | |
| 7% Notes, payable in equal annual instalments to 1973.............. | 220 | 1,100 | |
| Other Notes, mortgages and agreements, payable in equal annual instalments with interest rates from 5% to 7%...................... | 318 | 1,240 | |
| **INDUSSA CORPORATION** | | | |
| 6% mortgage loan, payable in monthly instalments to 1979. Payable in U.S. funds...................... | 6 | 95 | |
| Note bearing interest at ¾% above U.S. prime interest rate, due and payable in 1970. Payable in U.S. funds.......................... | | 6,435 | |
| 6% Note due and payable in 1979. Payable in U.S. funds (Note 8)..... | | 555 | 555 |
| **OTHER SUBSIDIARIES** | | | |
| 6% mortgage Note payable in equal monthly instalments to 1975. Payable in U.S. funds............ | 40 | 302 | |
| 5% Note, payable in equal annual instalments to 1971 (Note 16)...... | 1,300 | 3,900 | 5,200 |
| 9% Debenture, payable in varying instalments to 1975.............. | 18 | 198 | |
| | | 67,649 | 29,998 |
| Less: Serial bonds, sinking fund payments and other instalments due within one year, included with current liabilities.. | $6,553 | 6,553 | 3,808 |
| | | $61,096 | $26,190 |

Payments required in the next five years to meet long term debt instalments and sinking fund provisions are:

| | (thousands of dollars) |
|---|---|
| 1969.................................... | 6,553 |
| 1970.................................... | 13,533 |
| 1971.................................... | 6,343 |
| 1972.................................... | 4,790 |
| 1973.................................... | 4,116 |

## 10. Deferred Income Taxes

Prior to 1968 the Company and its subsidiaries did not record in their accounts the income taxes deferred as a result of claiming capital cost allowances in excess of depreciation recorded in the accounts and, in certain years, claiming for income tax purposes other expenses which were deferred in the accounts. In 1968 this practice was changed and provision was made for income taxes on such timing differences which arose in that and earlier years. Retroactive effect has been given to this change. As a result of providing for deferred income taxes relating to the amalgamation in 1965, Intangible Assets Arising from Amalgamation and Acquisitions shown on the Company's Balance Sheet has been increased by $7,486,000.

## 11. Minority Interest

The Minority Interest in Subsidiaries comprises the following:

| BACM Industries Limited | (thousands of dollars) |
|---|---|
| Common shares.......................... | 3,718 |
| Preferred shares of subsidiaries............ | 2,501 |
| Contributed surplus....................... | 2,156 |
| Retained earnings......................... | 5,155 |
| | $13,530 |

## 12. Capital Stock

By supplementary Letters Patent dated February 25, 1969 the authorized capital of the Company was increased to 15,000,000 common shares without nominal or par value and 2,000,000 preferred shares of the par value of $50 each issuable in series.

Shares issued and fully paid are shown after deducting the 806,151 shares, at their issue price of $15 per share, which were received by the Company as a result of its shareholdings in the companies with which it amalgamated in 1965.

During the year, 1,187,836 shares were issued as follows:

| | |
|---|---|
| 450,000 | shares at $13.50 each in part payment of the purchase price of a 54.4% interest in BACM Industries Limited. |
| 729,166 | shares at $15.00 each in exchange for approximately 81% of the shares of McAllister Towing Ltd. |
| 2,700 | shares at $13.50 each in part payment of the purchase price of a 100% interest in J. Kearns Transport Ltd. |
| 5,950 | shares to employees under the terms of the Stock Option Plan referred to below for a total cash consideration of $64,337. |
| 20 | shares at $15.00 each on exercise of subscription rights evidenced by Share Purchase Warrants accompanying the Series "D" Bonds. |
| 1,187,836 | |

Non-interest bearing notes in the amount of $1,275,000 were issued in part payment of the purchase price of the Company's interest in BACM Industries Limited. These notes are payable in annual instalments commencing in May, 1969. Within 15 days prior to each instalment date, the holders of the notes may elect to receive shares of the Company at $15 per share in lieu of the cash payment due. If such elections are made, the Company will issue 85,000 of its Common Shares, 16,667 shares in each of the years 1969 to 1972 and 18,333 shares in 1973.

An amount of $51,000, included in accrued liabilities relates to the acquisition of J. Kearns Transport Ltd. and, on satisfactory performance of certain warranties, may be paid by the Company, in greater part, by issuing 3,700 Common Shares of the Company to the seller at $13.50 per share.

**13. Stock Options**

In 1965, the Company reserved 150,000 of its Common Shares for a stock option plan for its employees. Options are granted at a price per share which is not less than 90% of the last recorded sale of shares at the business date next preceding the date of granting and the options expire not later than March 31, 1975. To December 31, 1968, options to purchase 74,000 shares had been granted to employees who were either officers or directors and options to purchase 28,000 shares have been granted to other employees. Of these shares on which options were granted, options to purchase 22,900 shares were exercised to December 31, 1968 at prices ranging from $10 to $12.25 per share leaving 79,100 shares under option.

Subsequent to December 31, 1968, and up until February 20, 1969, options to purchase 15,000 Common Shares of the Company were granted to employees who were either officers or directors and options to purchase 9,000 Common Shares have been granted to other employees, all at an option price of $14.75. Options to purchase 31,900 Common Shares were exercised subsequent to December 31, 1968 for an aggregate price of $388,925. In addition, all options outstanding became exercisable immediately.

**14. Share Purchase Warrants**

On June 1, 1968 the Company issued $15,000,000 8% First Mortgage Sinking Fund Bonds, Series D. Each $1,000 principal amount of these bonds was accompanied by Share Purchase Warrants which entitle the holder to purchase 20 common shares at $15.00 per share up to June 1, 1973 and thereafter, to June 1, 1978, at $17.00 per share.

Of the authorized but unissued Common Shares of the Company, at December 31, 1968, 299,980 shares were reserved for issue upon exercise of the subscription rights evidenced by the Share Purchase Warrants.

**15. Dividends**

The Company and two subsidiaries are restricted as to the payment of cash dividends by certain covenants in deeds of trust and mortgage securing bonds which have been issued. As at December 31, 1968, there was approximately $200,000 of consolidated retained earnings free of such restrictions and available to the Company for the payment of dividends. However, assuming payment by all subsidiaries, except BACM Industries Limited, of dividends to the Company, of an amount equal to the unrestricted retained earnings of such subsidiaries and the payment of estimated taxes of approximately $108,000 thereon, approximately $1,667,000 of consolidated retained earnings would have been available and free of restrictions.

**16. Assets Subject to Lien or Pledge**

Marketable securities having a quoted value of $5,933,000 and other securities costing $1,950,000 have been pledged by a subsidiary to secure its 5% note payable of $3,900,000.

In respect of the subsidiary, BACM Industries Limited, bank advances of $9,408,000 are secured by a general assignment of book debts and pledges of inventories, including certain lands held for development and sale. Other lands held for development and sale are subject to mortgages securing current liabilities, or secure the 6¼% note due 1979. In addition, certain revenue properties and certain items of property, plant and equipment are subject to mortgages or title retention provisions of equipment purchase contracts.

Substantially all of the real and personal properties and assets of the Company and its subsidiaries are held subject to mortgage and/or floating charges securing indebtedness of the Company and its subsidiaries.

**17. Retirement Plans**

The Company and subsidiaries have various retirement plans which apply to certain salaried and hourly paid employees. As established on an actuarial basis, the unfunded past service cost amounted to $60,722 as at December 31, 1967, the latest date at which such figure is available. The Company proposes to amortize this amount by making annual payments of approximately $4,000. The latest available estimate of the current service cost to the Company and subsidiaries is approximately $349,000.

**18. Additional Information**

*Remuneration of Directors and Officers*
Remuneration paid during 1968 and 1967 to directors and senior officers totalled $476,417 and $447,379 respectively, of which $305,517 and 303,129 respectively were paid to directors and officers of the Company.

*Net Sales*
The following table sets forth the net sales of businesses acquired in 1967 and 1968:

| | 1968 | 1967 |
|---|---|---|
| Businesses acquired in | (thousands of dollars) | |
| 1967 | 91,755 | 44,428 |
| 1968 by purchase | 60,767 | |
| in a pooling of interests | 13,228 | 12,012 |
| | $165,750 | $56,440 |

*Per Share Data and Pro-Forma Earnings per Common Share*
Per share data has been computed on the average number of Common Shares outstanding during each year after giving retroactive effect to the issue of 729,166 Common Shares in 1968 in respect of the acquisition of McAllister Towing Ltd.

The pro-forma net income per Common Share assumes the following:

(1) The issue for cash of the 800,000 Common Shares referred to in Note 20 for net proceeds estimated at $12,500,000.

(2) The exercise of all outstanding warrants and stock options including those of BACM Industries Limited.

(3) The election of certain noteholders to receive Common Shares in lieu of cash. See Note 12.

(4) The utilization of the anticipated net proceeds from (1) and (2) above to reduce current debt, resulting in an increase in income equal to the savings in interest, net of income taxes.

**19. Commitments and Contingent Liabilities**

The Company is committed to purchase an additional 300,000 Common Shares of BACM Industries Limited at the rate of 25,000 shares in 1969 and 55,000 shares in each of the next five years. The price per share purchased will be related to the consolidated net earnings of BACM Industries Limited and, at the option of the Company, may be paid wholly by cash or partly by cash and partly by the issue of Common Shares of the Company, valued on a market price formula. Under certain circumstances, the Company may be required to purchase a further 30,000 Common Shares of BACM Industries Limited at $17.50 per share payable in cash.

A subsidiary, BACM Industries Limited, has guaranteed bank advances of associated companies in amounts up to $1,005,000 and advances outstanding under such guarantees as at December 31, 1968 amounted to $825,000.

Minimum annual rentals under long term lease agreements in effect at December 31, 1968 are as follows:

| | Leases Expire | Annual Rentals (thousands of dollars) |
|---|---|---|
| Office space | 1974 - 1978 | 232 |
| Tank Cars | 1972 | 522 |
| Land | 1970 - 1986 | 20 |
| Vessels | open | 70 |
| | | $844 |

The Company and BACM Industries Limited have agreements with certain directors, who are either employees or consultants, pursuant to which remuneration of approximately $532,000 will be paid at various future dates.

**20. Subsequent Events**

*Acquisitions*
On February 28, 1969, a subsidiary, BACM Industries Limited, agreed to acquire Con-Force Products Ltd. and certain associated companies for $4,600,000, of which $2,434,000 is payable in cash at the closing and the balance is payable in equal instalments over five years without interest.

On March 4, 1969, the Company agreed to acquire on or about March 25, 1969, all of the outstanding shares of Redi-Mix Limited for $2,650,000 in cash. Concurrently with the acquisition of Redi-Mix Limited the Company agreed to sell its trucking operations to the controlling shareholders of Redi-Mix Limited for $1,363,000 in cash.

*Stock Purchase Plan*
The directors of the Company have authorized the establishment of a Stock Purchase Plan with Trustees for the purchase by such Trustees of Common Shares of the Company, from the Company or on the open market or by private contract, such shares to be held by or for the benefit of such officers and/or employees of the Company, including any director holding a salaried employment or office in the Company as may from time to time be approved by such Trustees. It was further authorized that the Company may provide out of its funds the money required for the purchase by such Trustees of Common Shares pursuant to the said Plan. There have been reserved 150,000 authorized and unissued Common Shares for issuance pursuant to the said Plan. It is expected that such Stock Purchase Plan will be submitted to the shareholders of the Company for approval at the Annual General Meeting of Shareholders to be held in April 1969.

*Proposed Issue of Common Shares*
The Company intends to file a registration statement with the United States Securities and Exchange Commission covering a proposed sale of 800,000 Common Shares of the Company to persons who are citizens or residents of the United States. These shares will not be offered for sale in Canada.

GENSTAR
LIMITED

# interim report

Six months ended June 30, 1969

# To the Shareholders

The consolidated income before extraordinary items of the Company and its subsidiaries, for the first six months of 1969, amounted to $2,517,000, or 41 cents per share on the average number of shares outstanding. This compares with net income of $1,785,000, or 32 cents a share, for the corresponding period of 1968, resulting in a 28 percent increase in income per share. In addition, extraordinary income during the period in 1969 amounted to $355,000, or 6 cents per share. The figures of BACM Industries Limited are included only in the 1969 period as the Company acquired its majority interest in BACM Industries Limited in July, 1968.

## Consolidated St

| |
|---|
| Net Sales |
| Income before the following items |
| Depreciation |
| Interest on long term debt |
| Provision for income taxes |
| Minority interest |
| |
| Income before extraordinary items |
| Gain on sales of assets |
| NET INCOME FOR THE PERIOD |
| Average number of shares outstanding |
| Income per share on: |
| Income before extraordinary items |
| Gain on sales of assets |
| Net income for the period |

Net sales and operating results for the six months of the cement division showed a marked improvement over the previous year while those of the chemical-fertilizer and industrial products divisions were approximately the same, and those of marine division were lower due to less salvage activity.

During June, 1969, the Company completed a public offering of 800,000 common shares in the United States, at a price of $14.50, U.S. ($15.75 Canadian), and the net proceeds amounted to $11,210,000 in Canadian funds. Application has been made for the listing of the Company's shares on the New York Stock Exchange, and it is expected that this will be effective in late August.

## ment of Income

ed)

| 3 Months ended June 30 | | 6 Months ended June 30 | |
|---|---|---|---|
| *1969* | *1968* | *1969* | *1968* |
| $81,789,000 | $54,321,000 | $122,120,000 | $83,305,000 |
| 10,631,000 | 6,145,000 | 13,321,000 | 7,448,000 |
| 2,687,000 | 1,559,000 | 4,656,000 | 2,911,000 |
| 1,236,000 | 468,000 | 2,281,000 | 967,000 |
| 3,338,000 | 2,059,000 | 3,176,000 | 1,785,000 |
| 550,000 | — | 691,000 | — |
| 7,811,000 | 4,086,000 | 10,804,000 | 5,663,000 |
| 2,820,000 | 2,059,000 | 2,517,000 | 1,785,000 |
| 40,000 | — | 355,000 | — |
| $ 2,860,000 | $ 2,059,000 | $ 2,872,000 | $ 1,785,000 |
| | | 6,143,000 | 5,600,000 |
| $ .46 | $ .37 | $ .41 | $ .32 |
| .01 | — | .06 | — |
| $ .47 | $ .37 | $ .47 | $ .32 |

# Consolidated Statement of Source and Use of Funds

(Unaudited)

| | 6 Months ended June 30 | |
|---|---|---|
| | *1969* | *1968* |
| **Source of Funds** | | |
| Income for the period before extraordinary items | $ 2,517,000 | $ 1,785,000 |
| Add: items not requiring funds | 6,831,000 | 4,652,000 |
| Funds from operations | 9,348,000 | 6,437,000 |
| Proceeds from sale of investments | 1,249,000 | 1,195,000 |
| Issue of long term debt | 3,225,000 | 14,512,000 |
| Issue of common shares for cash | 12,134,000 | — |
| | 25,956,000 | 22,144,000 |
| **Use of Funds** | | |
| Purchase of fixed assets | 2,222,000 | 1,601,000 |
| Purchase of investments | 158,000 | 112,000 |
| Funds used for acquisitions in excess of working capital acquired (net) | 6,922,000 | 1,861,000 |
| Reduction of long term debt due after one year | 5,235,000 | 2,586,000 |
| | 14,537,000 | 6,160,000 |
| **Working Capital** | | |
| Increase in the period | 11,419,000 | 15,984,000 |
| At beginning of the year | 26,365,000 | 2,600,000 |
| At end of the period | $37,784,000 | $18,584,000 |

The 1968 figures have been restated to conform with the 1969 presentation.

August 13, 1969,
Montreal, Canada.

A. A. FRANCK,
President

PRINTED IN CANADA

# Etat consolidé des mouvements de trésorerie

(avant vérification)

| | *6 mois terminés le 30 juin* 1969 | 1968 |
|---|---|---|
| **Provenance des Fonds** | | |
| Revenu de la période avant les item extraordinaires | $ 2,517,000 | $ 1,785,000 |
| Ajouter: item autres que ceux de l'encaisse | 6,831,000 | 4,652,000 |
| Fonds provenant des opérations courantes | 9,348,000 | 6,437,000 |
| Produits de la vente de valeurs mobilières | 1,249,000 | 1,195,000 |
| Emission d'emprunt à long terme | 3,225,000 | 14,512,000 |
| Emission d'actions ordinaires en numéraire | 12,134,000 | — |
| | 25,956,000 | 22,144,000 |
| **Utilisation des Fonds** | | |
| Achat d'actifs immobiliers | 2,222,000 | 1,601,000 |
| Achat de valeurs mobilières | 158,000 | 112,000 |
| Fonds utilisés pour acquisitions en excédent du fonds de roulement (net) | 6,922,000 | 1,861,000 |
| Réduction de la dette à long terme due après un an | 5,235,000 | 2,586,000 |
| | 14,537,000 | 6,160,000 |
| **Fonds de Roulement** | | |
| Accroissement de la période | 11,419,000 | 15,984,000 |
| Au début de l'année | 26,365,000 | 2,600,000 |
| A la fin de la période | $37,784,000 | $18,584,000 |

Les chiffres de 1968 ont été redressés afin de se conformer à la présentation de 1969.

Le 13 août 1969,
Montréal, Canada.

A. A. FRANCK,
Président

IMPRIMÉ AU CANADA

Les ventes nettes et les résultats d'exploitation du semestre font ressortir par rapport à l'année passée une amélioration notable pour la division ciment, une situation presque inchangée pour les divisions chimique-fertilisants, et produits industriels et une baisse pour la division marine, due à une moindre activité des opérations de sauvetage.

Au cours du mois de juin 1969, la Société a lancé une offre publique pour 800,000 actions ordinaires aux Etats-Unis, au prix de U.S. $14.50 ($15.75 canadiens) et le montant net de l'opération s'est élevé à $11,210,000 en monnaie canadienne. Une demande d'inscription des actions de la Société à la cote de la Bourse de New-York a été déposée; cette inscription prendra effet probablement à la fin du mois d'août.

## é des revenus

rification)

| 3 mois terminés le 30 juin | | 6 mois terminés le 30 juin | |
|---|---|---|---|
| *1969* | *1968* | *1969* | *1968* |
| $81,789,000 | $54,321,000 | $122,120,000 | $83,305,000 |
| 10,631,000 | 6,145,000 | 13,321,000 | 7,448,000 |
| 2,687,000 | 1,559,000 | 4,656,000 | 2,911,000 |
| 1,236,000 | 468,000 | 2,281,000 | 967,000 |
| 3,338,000 | 2,059,000 | 3,176,000 | 1,785,000 |
| 550,000 | — | 691,000 | — |
| 7,811,000 | 4,086,000 | 10,804,000 | 5,663,000 |
| 2,820,000 | 2,059,000 | 2,517,000 | 1,785,000 |
| 40,000 | — | 355,000 | — |
| $ 2,860,000 | $ 2,059,000 | $ 2,872,000 | $ 1,785,000 |
| | | 6,143,000 | 5,600,000 |
| $ .46 | $ .37 | $ .41 | $ .32 |
| .01 | — | .06 | — |
| $ .47 | $ .37 | $ .47 | $ .32 |

# Aux actionnaires

Le bénéfice consolidé avant profits extraordinaires de la Société et de ses filiales, pour les six premiers mois de 1969, s'élève à $2,517,000, ou 41 cents par action pour le nombre moyen d'actions en circulation. Comparé au bénéfice net de la période correspondante de 1968, soit $1,785,000 ou 32 cents par action, l'accroissement du bénéfice est de 28% par action. De plus la Société a réalisé un profit extraordinaire de $355,000, ou 6 cents par action, durant cette période de 1969. Les chiffres de BACM Industries Limited ne sont compris que pour 1969, puisque la participation majoritaire dans BACM a été acquise en juillet 1968.

## Etat consoli

(avant

Ventes nettes
Revenu avant les item suivants:
    Amortissements
    Intérêts sur dette à long terme
    Provision pour impôts sur le revenu
    Participations minoritaires

Revenu avant les item exceptionnels
    Profit sur ventes d'actifs
REVENU NET POUR LA PÉRIODE

Nombre moyen d'actions en circulation
Revenu par action sur:
    Revenu avant les item exceptionnels
    Profit sur ventes d'actifs
    Revenu net pour la période

GENSTAR
LIMITÉE

# rapport provisoire

Six mois terminés le 30 juin 1969